

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JUNE 29, 2004**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 29, 2004, commencing at 7:00 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Howard, Land, and Mayor Hansen

Absent: Council Members – Hitchcock

Also Present: City Manager Flynn and City Clerk Blackston

Note: Interim City Attorney Schwabauer was excused from attending the meeting by Mayor Hansen.

B. CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

C. TOPIC(S)

C-1 "Review draft fiscal year 2004-05 Financial Plan and Budget"

Finance Director Krueger reviewed information from the 2004-05 2nd Year of Two Year Financial Plan and Budget (filed). Referencing page C-5, Mr. Krueger noted that revenues and expenditures in the Community Development Block Grant fund are \$1,089,110, which ends in a zero fund balance. On page C-7, the Street Fund shows an ending balance of \$2,091,185.

Public Works Director Prima stated that projects under the Street Fund are listed on pages E-59 through E-63 in the original budget document.

Mr. Krueger referenced page G8 and stated that the amount in reserve in the Capital Outlay Fund will be sufficient in order to make the transfer to the Debt Service Fund for the debt service on the bonds that were issued to finance the new police facility. Mr. Krueger reported that the budget adopted last year showed service charge revenues in the Water Fund of \$6,187,165. The \$2 million adjustment for the rate increases will bring the service charges up to \$8,187,165 for 2004-05. The Water Fund will also have an adjustment of \$800,500 for Environmental Abatement Program costs. Total revenues in the Water Fund are \$8,446,385 and the ending fund balance is \$9,407. Mr. Krueger anticipated staff will be making a recommendation to Council in the fall or spring for additional rate increases.

City Manager Flynn added that an estimate of the additional rate increases would amount to \$1.50 to \$2.00 a month per household.

Mr. Krueger reported that \$8,974,778 is anticipated in service charge revenues in the Wastewater Fund, which had increased over earlier projections due to the recently adopted rate increases. The amount reserved for debt service is \$2,169,850. It is anticipated that at the end of the year the unreserved fund balance would be \$602,732. On page C-11, the Electric Fund service charges total \$52,604,775. The bulk power purchase totals \$32,650,000 and operating expenditures are \$14,333,740.

Mr. Flynn noted that page E-4 shows that as of 2004-05 the \$350,000 transfer from Electric Utility is no longer being made.

In reply to Council Member Land, Electric Utility Director Vallow reported that subsequent to deregulation it was reauthorized that 2.58% of public utilities operating revenues would be dedicated to public benefit programs, which amount to approximately \$850,000 annually in the budget.

Mr. Krueger referenced page G-12 and noted that \$2,668,000 was the beginning deficit in the Transit Fund. Other sources of funds have alleviated the deficit balance and it is anticipated that by the end of the year there will be a \$109,625 negative balance, which is anticipated to be resolved by the end of the next fiscal year. In reply to Mayor Pro Tempore Beckman, Mr. Krueger acknowledged that there was an error in the "changes" column, as the zero ending balance did not calculate out and he stated that it would be corrected in the final budget document. The Benefits Fund on page G-13 shows a beginning deficit of \$127,313 and an ending fund balance of zero. The Self Insurance Fund on page C-14 has an ending fund balance of \$1,615,264, which is reserved for future insurance losses. The Vehicle and Equipment Replacement Fund on page C-15 has a beginning fund balance of \$220,637 and an ending fund balance of \$240,137. Transfers offset purchases made in the current year.

Council Member Land asked whether the policy for replacement of vehicles was going to be reviewed for the feasibility of extending the use of vehicles for an additional year or two, to which Mr. Flynn answered in the affirmative and stated that it would be brought back for Council's consideration.

Mr. Flynn reviewed the topic for next Tuesday's Shirtsleeve Session regarding the California Public Employees Retirement System and specifically the status of its medical insurance plan.

D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

E. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:12 a.m.

ATTEST:

Susan J. Blackston
City Clerk